

E-3120-1 - COMPETITIVE LEASES

II. Competitive Lease Sale Process

A. Preparation of Parcels of Lands for Sale Notice Listing

Responsible Official	Step	Action	Keywords
Adjudication	1.	Identify terminated, relinquished, cancelled, and expired leases from ALMRS reports and identify any other eligible and available lands from other records (see Manual Section 3120.11 for identification of types of lands eligible and available for competitive leasing) for offering in an oral auction to be held at least once each quarter, or more frequently as deemed necessary.	PARCEL PREPARATION
	2.	Determine which lands are to be offered in the next planned competitive sale. If the monthly printouts contain a large accumulation of such lands, coordinate and obtain input from the Mineral Resources and/or Field Office operations staff.	
	3.	Reserve any remaining lands for a subsequent sale if the authorized officer does not choose to offer all of the accumulated lands at the next sale.	
	4.	Send list of selected lands identified by lease serial numbers, if lands have a previous serial number, to Docket to help identify lands for parcel preparation.	
	5.	Accept written informal expressions of interest or requests from the public for specific lands to be offered at the competitive sale. Each expression of interest needs to include the legal land description or other adequate description, such as the previous lease serial number, if any, and must be submitted to the proper BLM office.	PUBLIC EXPRESSIONS OF INTEREST

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	6.	Consult with the party submitting the expression if the expression of interest does not conform to the lease size and land description requirements of the law and regulations. Request the party to adjust the parcel description (see Manual Section 3120.31B). If the party does not provide parceling suggestions, configure the parcels as appropriate. No specific forms or filing fees are required with such expressions of interest requests.	
	7.	If confidentiality is requested by the party submitting an expression of interest, the name of the party is not to be revealed, except in accordance with the Freedom of Information Act. An expression of interest not submitted to the proper BLM office does not need to be acknowledged or included for consideration for competitive offering.	
	8.	Accept requests from other Federal agencies that unleased lands be offered at a competitive sale. The BLM also may propose offering lands. Such a proposal may be based on information provided by State Office Adjudication, Mineral Resources, or Field Office operations personnel.	BLM AND OTHER FEDERAL AGENCY SALE PARCEL REQUESTS
	8a.	Check the plats and other appropriate status records to ensure that such lands are eligible and available for competitive leasing.	
	9.	Offer for sale promptly any lands that subject to drainage that are eligible and available for competitive leasing. Do <u>not</u> intermingle such lands with any other contiguous lands that also may be eligible and available for competitive lease.	DRAINAGE TRACTS

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	10.	If lands offered for competitive lease which receive no bids at the oral auction become subject to drainage at any time within the 2-year period following the auction, such drainage tracts continue to be available only for noncompetitive lease offer for the entire duration of the 2-year noncompetitive period. Such lands shall not be offered competitively again until after the end of the statutory 2-year noncompetitive period.	
	10a.	If a noncompetitive offer is received at any time during this period, the BLM must act on such an offer and shall not delay processing the offer in order to allow the 2-year noncompetitive period prescribed by law to elapse, because the date of receipt of the offer establishes its priority date.	
	11.	Process for inclusion in the sale any noncompetitive offers properly filed in accordance with 43 CFR 3110.1(a)(1) on unleased eligible and available lands, including any noncompetitive future interest presale lease offers.	NONCOMPETITIVE PRESALE OFFERS
	12.	Use Illustration 1 as a guideline for configuration of the lands in presale offers for inclusion in the competitive sale.	
	13.	If a presale offer is received for lands that had been deleted from a previous competitive lease sale, the offer would be an acceptable presale offer to include in the present or a future sale.	

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	14.	Check that all noncompetitive presale parcels have been reconfigured, if necessary, to conform to the required acreage restrictions (see Handbook 3110-1, Section II).	
		Acknowledge requests from the public received for land (see Illustration 2).	ACKNOWLEDGE PUBLIC REQUESTS
	15a.	Acknowledge either by standard preprinted form letter or postal card.	
Docket	16.	Pull case files and/or computer printouts for all terminated, expired, relinquished, and cancelled leases, as requested by Adjudication, and noncompetitive offers filed under 43 CFR 3110.1(a)(1). Send to Adjudication.	PULL T&E CASE FILES
Adjudication	17.	Confirm availability of lands for competitive listing. Follow procedures in Illustration 3, "Checklist for Preparation of Competitive Oil and Gas Lease Parcels."	
		Arrange cases by administrative State first, then by range order, then by township within each range, separating public domain and acquired lands minerals. File all public requests, expressions of interest, and requests from other Federal agencies in folders by State and township-range order.	ARRANGE ORDER OF CASES
	19.	Order oil and gas plats and, if lands are acquired lands minerals, request copies of Historical Index (HI) for each case to determine current status	CONSOLIDATE LEASE PARCELS
	19a.	Consolidate lands to create parcels, checking for other available lands.	

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Responsible Official	Step	Action	Keywords
	20.	Check the plats for unit and communiti- zation agreements (CA's) and create a separate parcel for those lands within a unit boundary or CA from any eligible and available lands located outside the unit or CA boundary. For a parcel within a unit or CA, identify that joinder shall be required.	UNITS AND CA'S IN LEASE PARCEL LAND AREA
	21.	Separate future interest lands.	
	22.	Separate lands having different fractional interests of United States ownership into separate parcels. Lands where the United States holds less than 100 percent interest in the oil and gas rights shall be placed in a separate parcel. Do not parcel fractional interest lands with lands where the United States holds a 100 percent mineral interest. Also, parcel lands with different fractional interest percentages separately. Separate parceling for fractional interest lands is required because the U. S. can collect royalties only in proportion to its actual ownership interest in each parcel. The BLM has agreed with the Minerals Management Service (MMS) not to issue any more leases that include lands with different fractional ownership interests, since this creates an accounting problem for MMS in the collection and distribution of royalty monies.	FRACTIONAL INTEREST PARCELS
	23.	For acquired lands minerals, separate other SMA surface from BLM surface, where appropriate.	

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		Ensure that the combined acreage for each parcel does not exceed the maximum 2,560-acre limitation in the lower 48 States (or maximum 5,760 acres in Alaska) and that the public domain lands are within a 6-mile square or within an area not exceeding six surveyed sections in length or width measured in cardinal directions.	MAXIMUM LEASE SIZE
		Request title report from the surface managing agency (SMA) for acquired lands (see Illustration 4). Request any other SMA reports, as applicable.	TITLE REPORT
	26.	Request a report for all of the required stipulations for each parcel, if the stipulations have not been identified previously by the Field Office staff.	REVIEW STIPULATIONS
	27.	Review the stipulations submitted for each parcel for compliance with Manual Section 3101 (see Illustration 5).	
	28.	Request the status of any unplugged wells or units/CA's from Field Office operations staff.	UNITS/CA'S AND UNPLUGGED WELLS REPORT
	29.	Reconfirm SMA consent or lack of objection to leasing, when required.	SMA CONSENT
	29a.	Obtain consent from the Forest Service for both public domain and acquired lands minerals parcels.	
	29b.	Obtain consent to lease from the Department of Defense for any leasing on military lands. (See Manual Section 3101 and Handbook 3101-1 concerning coordination with and consent requirements for SMA's.)	

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	30.	For each parcel, prepare a legal description of the lands by township, range, meridian, section, and subdivision if the lands are surveyed or protracted. If the lands are surveyed, describe by metes and bounds or by acquisition or tract number.	PREPARE PARCEL DESCRIPTION
	31.	Describe the lands in range order, then by township and section. Lands within a section are described in a counterclockwise manner, i.e., NE4, NW4NW4, SE4SW4, SE4SE4.	
	31a.	If any lots are involved, describe the lots first. Use the standard parcel description and listing format shown in Illustration 6.	
		Calculate total acreage of each parcel ensuring total does not exceed the 2,560-acre limitation (5,760 acres in Alaska).	CALCULATE PARCEL ACREAGE
	33.	Calculate the minimum bonus bid required to be paid on the day of the sale, i.e., a parcel of 644.38 acres will require \$1290.00 (645 acres x \$2).	CALCULATE BONUS BID
		Calculate the first year's advance rental required to be paid on the day of the sale, i.e., a parcel of 644.38 acres will require \$967.50 (645 acres x \$1.50).	CALCULATE FIRST YEAR'S ADVANCE RENTAL
		Identify and label the county or counties and, if not BLM surface, the specific SMA unit, e.g., the White River National Forest.	IDENTIFY COUNTY/SMA
	36.	Specify by number or exhibit all the required stipulations for each separate parcel (see Illustration 3).	IDENTIFY STIPULATIONS TO PARCEL
	37.	Specify those parcels that will require unit/CA joinder.	IDENTIFY JOINDER REQUIRED

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	38.	After the lands are parceled, arrange parcels by State, then in range order, and then by township, placing future interest parcels in a separate group.	PARCEL ARRANGEMENT FOR SALE NOTICE
	39.	Assign each parcel a sale parcel number or an official serial number.	PARCEL NUMBERING

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B. Preparation and Distribution of Notice of Competitive Lease Sale

Responsible Official	Step	Action	Keywords
Adjudication	1.	Prepare in final form the Notice of Competitive Lease Sale (see Illustration 7 for standard introduction format that shall be used).	SALE NOTICE FORMAT AND CONTENTS
	2.	Ensure that each parcel has all the specific applicable stipulations that have been identified in the BLM planning and/or environmental analysis documents covering the specific lands included in the parcel (see Illustration 5).	
	3.	Include all stipulations required by the SMA.	
	4.	Include the specific language of all the parcel stipulations as part of the sale notice. It is not acceptable to only cross-reference the stipulations in the sale notice by numbers or codes without inclusion in the sale notice of the stipulation language applicable to each parcel being offered.	STIPULATION LANGUAGE IN SALE NOTICE
	5.	Identify in the sale notice for each parcel the unit/CA joinder requirements, unplugged wells, etc.	
	6.	Identify with an asterisk or a statement those competitive parcels for which a presale noncompetitive offer has been filed. (See Illustration 6 and Illustration 7, page 1).	PRESALE OFFERS IDENTIFIED IN SALE NOTICE
	7	Show for each parcel in the sale notice the State, parcel number (and/or serial number), county, legal description, percentage of U.S. mineral ownership if less than 100 percent, and acreage.	
	8.	<u>OPTIONAL</u> : Show the minimum acceptable bonus bid amount for the acreage in the parcel on the first line beside the parcel number (see Illustration 6, pages 2 and 3).	INDICATE MINIMUM BONUS BID IN SALE NOTICE

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	9.	Do not indicate a monetary amount that is different than the minimum acceptable bonus bid on the first line adjacent to the parcel number, i.e., do <u>not</u> show a total calculated figure of the bonus bid plus the annual rental plus the administrative fee, nor only the annual rental amount. This can be misleading to the public. It is better to leave the space to the right of the parcel number blank rather than indicate a confusing monetary amount.	
	10.	Make a listing of: (1) the number of parcels to be offered in each geographic State; (2) number of acres to be offered in each State; (3) counties involved; (4) interested agencies; and (5) date, time, and place of the oral auction.	PUBLIC AFFAIRS INFORMATION
	10a.	Prior to finalizing and posting the sale notice, check for any presale offers that have recently been filed that could overlap lands on the list. Note, however, that any presale offers filed after the official posting of the sale notice are not acceptable and shall be rejected.	
	11.	Distribute listing to State Office Public Affairs to prepare and distribute news releases to appropriate newspapers.	
	12.	After Notice of Competitive Lease Sale is typed from Adjudication instructions, case abstract, or worksheet, it must be proofread. The authorized officer is to sign the final sale notice to document that the notice is official (see Illustration 6, Page 4).	NOTICE OF COMPETITIVE LEASE SALE
	13.	Arrange for printing of the sale notice and provide copies for the permanent mailing list (see Illustration 8).	

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Responsible Official	Step	Action	Keywords
	14.	The standard introduction format of the sale notice is normally the same for each sale with changes only in date; and possibly, location of sale; future and/or fractional interest parcels, if applicable; date when remaining bonus bid is due; date that unsold parcels are available for noncompetitive offer; and the deadline date for notification when assistance for the hearing or visually impaired is required (see Illustration 7).	
	15.	Stamp original copy of sale notice with the date when it is officially posted in the Public Room to comply with the 45-day public notification period required by the Reform Act.	POSTING OF SALE NOTICE
	16.	Arrange for complete sale notice to be posted in all BLM District and Area Offices in the State Office jurisdiction. Arrange for sale notice to be posted in all affected SMA's. Request that the sale notice be posted in the appropriate office of each SMA at least 45 days prior to the sale. Ensure that posting of the sale notice in the State Office Public Room is at least 45 days in advance of the competitive sale.	
	19.	The sale notice is not to be published in the <u>Federal Register</u> , and also does not need to be published in oil and gas journals or other similar publications.	
	20.	Send copies of sale notice to Records Section, Public Room, and Cashier for their mailing lists.	
	21.	Send one copy of sale notice to Washington Office (WO-610).	SALE NOTICE SENT TO WASHINGTON OFFICE (610)

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Responsible Official	Step	Action	Keywords
	22.	Send copies of sale notice to other BLM State Offices, District and Area Offices (if requested), and, as appropriate, to various other State and Federal agency offices.	
ALMRS Entry	23.	If all parcels are serialized with an official serial number prior to the posting of the sale notice - Enter Action Date (MANDATORY ACTION CODE): Date of official posting of sale notice (or some earlier date when parcel is serialized); Data Element (DE) 1775 Action Code 001/DE 2910 Action Code 387; Action Remarks: Sale date (optional).	AUTOMATED NOTATION
Adjudication	24.	Correct errors in parcel acreage, etc., in the sale notice by appending an errata sheet to the sale notice to be included in the same mailing with the sale notice.	PARCEL DESCRIPTION ERRORS
		<p>If any changes of consequence are required after the sale notice has been officially posted, withdraw the parcel from the sale, prepare a public notice, and mail to all parties on the mailing list, if time permits.</p> <p>If insufficient time is left, post the public notice in the Public Room and announce the parcel withdrawal at the beginning of the bid opening. An example would be a parcel acreage less than the figure stated in the sale notice.</p> <p>If the error increases the parcel acreage or the monies required, the parcel must be deleted.</p>	

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Responsible Official	Step	Action	Keywords
ALMRS Entry	25.	Enter Action Date (MANDATORY ACTION CODE if all parcels are serialized prior to oral auction): Date parcel deleted; DE 1775/2910 Action Code 325; Action Remarks: Enter reason (optional).	AUTOMATED NOTATION
Adjudication	26.	For nonsubstantive errors, it may not be necessary to delete the parcel from the sale notice. Send any errata or addenda sheet to Land Status/Title Records for an update of the plats or other appropriate status records.	
	27.	When a stipulation is added, deleted, or revised after the official posting of the sale notice but prior to the issuance of the lease: If a determination is made that the stipulation change would increase the value of the parcel, the parcel shall be withdrawn by the BLM and readvertised in a later sale notice with all the correct stipulations for offering at a future oral auction. If a determination is made that stipulation change would not increase the value of the parcel, the parcel may be offered at the scheduled auction, but issuance of the lease may proceed only after the public has been given a minimum 45-day notice period of the stipulation change. For parcels with surface under the jurisdiction of another SMA, the required notice to the public shall also be posted in the appropriate office of that SMA in addition to the State Office Public Room.	STIPULATION CHANGES, ADDITIONS, AND DELETIONS

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	28.	Send copy of the sale notice to Title Records for notation of the parcels on the oil and gas (O&G) plats or other appropriate records.	
Title Records	29.	Note O&G plats (or other records) as follows: Lands included in sale notice - place "OG COMP" within parcel lines with the sale date (month/day/year) noted above it. This notation remains on the plats for the next 2-year period if the parcel receives no bid on the day of the sale and no noncompetitive offer is made under 43 CFR 3110.1(b) following the end of the oral auction. <u>OPTIONAL:</u> Add parcel number/serial number from sale notice. Noncompetitive offers filed under 43 CFR 3110.1(a)(1) prior to the official posting of the sale notice, by serial number.	RECORDS NOTATION

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C. Sale Preparation and Conduct

Responsible Official	Step	Action	Keywords
Adjudication	1.	Ensure auctioneer is available for the day the sale has been scheduled.	AUCTION PREPARATION
	2.	Check that sale room has been reserved	
	3.	Check that personnel assigned to perform sale recording activities are prepared. Equipment and items needed include computers and printers. Prior to sale, the following elements are to be entered into the computer's competitive program: Parcel number, State, county, Resource Area, acres, and any other pertinent information.	
	4.	Ensure that bid forms (Form 3000-2, October 1989 or later edition), bidder registration forms, bid recordation forms or computer-generated forms for recording bids (see Illustrations 9, 10, and 11), lease forms (Form 3100-11b, October 1992 or later edition; see Illustration 12), accounting advices, bidder cards or paddles, and additional copies of the sale notice are available in the sale room.	
	4a.	The sale notice is to be made available free to the public at the oral auction on the day of the sale.	
	5.	Assign each bidder (lessee) a bidder number. Also, provide each bidder the current bid form (Form 3000-2, October 1989 or later edition). However, some bidders may have brought a completed bid forms with them. The bid form must be completed (signed and dated by the lessee or the lessee's representative) for each parcel won. The name and address shown on the bid form is the official address to be shown on the issued lease.	BID FORM 3000-2

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	6.	<u>OPTIONAL</u> : On the day of sale, prior to the start of sale, require each bidder to fill out a registration form identifying the lessee's name and address that is to be shown on the lease form.	REGISTRATION AT AUCTION - (OPTIONAL)
	6a.	If a bidder signs the bid form on behalf of a lessee, the BLM does not require any specific proof of authorization or relationship of the bidder to the lessee, i.e., the act of the bidder signing the bid form shall constitute self-certification that the bidder is authorized to represent the lessee.	
Authorized Official	7.	Open sale at designated time by stating the time, making opening remarks, and giving all necessary announcements. Announcements must include: (1) Receipt of any noncompetitive presale offers filed under 43 CFR 3110.1(a)(1) prior to official posting of sale notice for parcels described in the sale notice when such offers were filed too late to be identified in the notice by a special statement or asterisk; (2) withdrawal of any noncompetitive presale offers after the sale notice was officially posted; (3) any stipulation changes for parcels where the changes do not increase the value of the parcel (see Step II.B.27, above); and (4) receipt of any protests or appeals concerning the offering of any specific parcels (see Section II.G).	CONDUCTING SALE/ ANNOUNCEMENTS
	8.	<u>OPTIONAL</u> : If unsold parcels will be reoffered after all the parcels have been offered, also announce that at the end of the sale the auctioneer will announce and accept requests to reoffer any of the unsold parcels.	

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	9.	Announce that oral auction will now begin.	
Auctioneer	10.	Read each parcel number stating either "pass" if no bids are received, or "sold to bidder number ____ at table number ____" for the highest bid per acre (or highest bid per parcel, if method of parcel bidding is not on a per-acre basis).	AUCTIONEER
Adjudication	11.	Recording personnel enter into computer either "no bid" or the exact bid amount for each parcel bid on, and the bidder number and table number, with computer-generation of a sale form showing the bonus bid (at \$2 per acre or fraction thereof minimum acceptable bid amount), first year's advance rental at \$1.50 per acre or fraction thereof, the \$75 administrative fee, the minimum amount due on sale day, any additional amount due within 10 working days (if bonus bid is greater than the \$2 per acre minimum), and the grand total.	BID RECORDATION
	12.	<u>OPTIONAL</u> : A sale runner takes this information to the successful bidder.	
	12a.	If not computerized, a BLM employee must fill out a bid recordation form for each successful high bidder for each parcel and takes these forms to the Cashier for total tabulation.	

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	13.	During or at the end of the sale, the successful bidder must take the sale form (if provided to high bidder) and completed bid form (Form 3000-2) to the Cashier for payment of either the grand total or at least the total minimum bonus bid due, including the first year's advance rental and \$75 administrative fee. The additional bonus money is due within 10 working days from the day of the close of the sale. The successful bidder needs only to fill in the parcel number and name and address of lessee on the bid form.	COLLECT MONEY DUE
		Payment by the successful bidder may be accepted by credit card for those State Offices with approved procedures in place to accept credit card payments (only accept VISA and MASTERCARD credit cards).	CREDIT CARD PAYMENTS
	14.	The form of remittance for payment for competitive leases must be either by personal, certified or cashier's check, or money order, made payable to the Department of the Interior - BLM (see 43 CFR 3103.1-1). For those State Offices with approved procedures to accept credit card payments, the remittance may be accepted only using VISA or MASTERCARD.	
		Cash is not allowed for payments due for competitive lease parcels.	
Authorized Official	15.	After all parcels have been offered by the auctioneer, declare the sale officially closed, stating the time of day.	DECLARE SALE CLOSED
Cashier	16.	Determine if remittance is acceptable and correct amount for each parcel. Guaranteed remittance is not required, and cash is not acceptable.	

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	17.	Prepare accounting advice for each parcel that received a high bid. If lands are located in two or more counties, enter exact acreage located in each county on accounting advice. Route to Adjudication through Docket.	PROCESSING BIDS
Docket	20.	Prepare case file for each parcel with a high bid and create a case abstract, if not prepared previously.	
ALMRS Entry	21.	Enter the following action codes (see Illustration 13):	AUTOMATED NOTATION
	21a.	If parcels are serialized after the sale - Enter Action Date (MANDATORY ACTION CODE): Date case established (date of the day prior to sale); DE 1775 Action Code 001/DE 2910 Action Code 387; Action Remarks: Cite parcel number.	
	21b.	Enter Action Date (MANDATORY ACTION CODE, WHEN APPLICABLE): Enter acreage/percentage of Federal mineral ownership where U.S. mineral interests are less than 100%; DE 1775 Action Code 448/DE 2910 Action Code 527; Action Remarks: Percent of U.S ownership.	
	21c.	Enter Action Date (MANDATORY ACTION CODE): Date bid received; DE 1775 Action Code 191/DE 2910 Action Code 267; Action Remarks: (MANDATORY) Enter total gross amount of high bid for parcel (<u>excluding</u> both the first year's advance rental and the \$75 administrative fee);	

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21d. OPTIONAL: Enter Action Date:
 Date of sale when monies received;
 DE 1775 Action Code 083/DE 2910
 Action Code 392; Action Remarks:
 Amount and type. Also, if
 desired, enter in General Remarks
 \$/acre high bid received, as well
 as 100% if all monies owed were
 paid on the day of sale.

Adjudication	22.	Complete competitive lease sale results by computer printout, date original copy, and arrange for reproduction and mailing to all parties on mailing list (see Illustration 14).	LEASE SALE RESULTS COMPLETED
	23.	Prepare summary lease sale results. Compile the specific information identified in Illustration 15 in the format indicated.	WASHINGTON OFFICE SALE RESULTS REPORTING REQUIREMENTS
	24.	Transmit electronically no later than the first working day after the end of the auction to WO-610 and CO-920. The summary data for future interest lease parcels must be reported separately from the data for present interest parcels. Those State Offices with jurisdiction over more than one geographic State are not to separate the information by geographic State on this report.	

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D. Adjudication of High Bid

Responsible Official	Step	Action	Keywords
Adjudication	1.	Receive case files with competitive oil and gas lease sale form, bidder registration form, bid form, and accounting advice from Cashier.	ADJUDICATION OF HIGH BIDS
	2	If parcels are withdrawn by BLM for any reason, all monies paid shall be refunded. Prepare notice indicating the reason that the parcel was withdrawn. Prepare two accounting advices for refunding all monies. One accounting advice is prepared for requesting MMS to make refunds of bonus and first year's advance rental. A second accounting advice is prepared for BLM to refund the \$75 filing fee. Use Treasury fund symbol 14 2419.1 to refund the filing fee.	BID RECEIVED ON WITHDRAWN PARCEL
	3.	Check sale form to determine if amount submitted at sale is the total minimum bonus due or the total gross amount due. 3a. Reject bid if the total amount remitted is determined to be less than the total minimum amount due, i.e., at least \$2 per acre or fraction thereof minimum bonus, plus \$1.50 per acre or fraction thereof for the first year's advance rental and the \$75 administrative fee (see Section II.F). In such a case, the lands must be reoffered in a future competitive sale notice.	

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	4.	Ensure that correct codes, rental rate, and acreage are shown on accounting advice, and that all money amounts agree with the sale form amount submitted.	
	5.	Ensure that the name, address, and lease serial number are correct on the bid form. Verify high bidder name and address, and the parcel number from the sale results list.	
	6.	<p><u>NOTE:</u> The Mineral Leasing Act authorizes the issuance of leases to citizens of the U.S., associations (including partnerships and trusts) of such citizens, and corporations organized under the laws of the U.S. or any State or Territory thereof (see 43 CFR 3102.1). Occasionally a bid form may be received showing two or more names with a percentage of interest of unequal proportions, e.g., John Doe with 60 percent and Jane Doe with 40 percent. A bid form signed by two or more persons is <u>prima facie</u> a bid by an "association" within the meaning of Section 27 of the Mineral Leasing Act (see <u>Edward Lee</u>, 515 I.D. 299 (1925). Therefore, the bid is acceptable and is to be treated as an association. However, both parties must sign the bid form certifying as to qualifications by each to hold the lease as members of the association. Another means of holding a lease is by joint tenancy, whereby the bid form indicates "John Doe and Jane Doe, Joint Tenants." In this situation, the BLM recognizes each tenant as owning a proportionate share of the lease, as if each were a co-lessee. Again, each person must sign the bid form. See H-3102-1 and <u>Turner C. Smith, Jr., Signe Smith</u>, 89 I.D. 386 (1982).</p>	WHO MAY HOLD LEASES

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	7.	A bid received from an entity identified as "John Doe and Jane Doe, d/b/a Doe Enterprises" is indication of a sole proprietorship. A sole proprietorship may not hold a lease. However, in the case of "Doe Enterprises," if the bid form was signed by both John Doe and Jane Doe, the bid is acceptable since it is possible to determine the full names of the bidders; the "Doe Enterprises" is surplusage (see <u>McClain Hall, Arthur R. Frank</u> , 61 IBLA 202 (1982)).	
	8.	Check sale notice for unit/CA and other conditions, including all stipulations. Verify that the following items are placed in each case file:	
	8a.	Bidder registration form.	
	8b.	Competitive oil and gas lease form.	
		Bid form (executed and dated by the lessee or lessee's representative).	
		Stipulations.	
		When applicable, copy of consent from SMA, or reference to where the consent document is filed elsewhere in office.	
	8f.	Accounting advice.	
		Serial register page/case abstract from ALMRS Case Recordation/Record System Release 1.0.	
	9.	If subsequent to the oral auction a stipulation change for the parcel is identified and the change has been determined to increase the value of the parcel, the bid is to be returned with all monies received, including the \$75 administrative fee refunded (see Step II.D.2b, above).	STIPULATION CHANGE INCREASES PARCEL VALUE - RETURN ALL MONIES SUBMITTED

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Responsible Official	Step	Action	Keywords
	10.	<p>Prepare a decision requesting that the high bidder submit evidence of joinder (see Illustration 16) if the parcel is within a unit or CA.</p> <p>The plats need to be noted with a parcel number and/or application notation (e.g., OG Lse Apln UTU-68342) to ensure that the lands do not appear to be within the 2-year period available for noncompetitive lease offers.</p> <p>If the lands in the parcel are in a unit, and the bidder is unable to join the unit, the bidder must submit a letter from the unit operator stating that there is no objection to lease issuance without joinder. Field Office operations must review the facts concerning the failure to obtain joinder (see Illustration 17).</p> <p>If the lands in the parcel are within the boundaries of a CA, the bidder must submit evidence of joinder. Unlike Federal units, lessees cannot operate independently in a Federal CA.</p>	<p>UNIT/CA JOINDER REQUESTED</p>
	11.	When the terms of a private unit agreement are in conflict with Federal regulations, the Federal regulations shall prevail.	
	12.	<p>If no bid was received for a parcel at the sale and a presale offer exists for the lands involved, a noncompetitive lease is to be issued to the presale offeror, all else being regular.</p> <p>If a bid received is rejected,</p>	<p>PRESALE OFFER RECEIVES NONCOMPETITIVE LEASE WHEN NO BID ON PARCEL AT SALE</p>

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Responsible	Step	Action	Keywords
<u>Official</u>			
	12a.	If a bid is received but is later rejected for any reason, the noncompetitive presale offer is not to be issued, but continues to retain its priority, because the lands must be reoffered competitively. (See Manual Section 3120.53C and Section II.F, below.)	PRESALE OFFER NOT ISSUED IF BID FOR PARCEL IS REJECTED AFTER SALE

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E. Award of Lease

Responsible Official	Step	Action	Keywords
Adjudication	1.	Check worksheet (see Illustration 18) showing minimum bonus at \$2 per acre or fraction thereof, \$75 administrative fee, first year's advance rental at \$1.50 per acre or fraction thereof, total minimum due at sale, actual total bid per acre, total minimum bid, additional amount due, sale date, parcel number, bidder number, stipulations, bid form (properly signed and dated), and any additional information required, such as unit/CA joinder.	BIDDER/LESSEE REQUIREMENTS
	2.	If any fatal defects in bidder/lessee requirements, e.g., bid form not signed, see Section II.F, for bid rejection procedures.	
	3.	If a stipulation was added, deleted, or revised subsequent to the official posting of the sale notice and it was determined that the stipulation change would not increase the value of the parcel (thereby allowing the parcel to continue to be offered at the auction), before a lease can be issued to the high bidder, a 45-day notice period must be provided to the public advising of the specific stipulation change.	STIPULATION CHANGES, ADDITIONS, AND DELETIONS
	3a.	If no adverse public response is received during this 45-day period, the high bidder is to be given a 30-day period by notice in which to specifically sign a revised or added stipulation (see Illustration 19).	
	3b.	If the high bidder accepts the revised or additional stipulation, continue to process the lease to issuance as described in the steps below.	

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Responsible Official	Step	Action	Keywords
	3c.	If the bidder refuses to sign the additional or revised stipulation, refund all monies, including the \$75 administrative fee (see Step II.D.2b, above), and include the parcel with all the correct stipulations in a subsequent sale notice for future oral auction.	
	3d.	If adverse public response is received, the response is to be handled as if it were a protest. That is, if the BLM agrees with the adverse response, the BLM is to withdraw the parcel. The high bidder is to be refunded all monies, including the \$75 administrative fee, and given the right of appeal.	
	3e.	If the adverse response (protest) is denied, the parcel is to be offered to the bidder with the changed stipulation as described above, and the protestant is to be given the right of appeal.	
	4.	Prepare decision/notice if any additional requirements are needed, e.g., unit/CA joinder evidence, bonding coverage, etc.	
Signing Official	5.	Review and sign decision requesting additional requirements.	
ALMRS Entry	6.	<u>OPTIONAL</u> : For requesting unit/CA joinder - Enter Action Date: Date additional information requested; DE 1775 Action Code 112/DE 2910 Action Code 104; Action Remarks: Unit joinder or CA joinder and from whom, or type of other information and from whom.	AUTOMATED NOTATION
Adjudication	7.	Prepare the pinfed edition of lease Form 3100-11b (original and two copies) from worksheet and instructions (see Illustration 12).	LEASE PREPARATION

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Responsible

Official	Step	Action	Keywords
		Use Form 3100-11b, dated October 1992 or later edition). Check "Public Domain" or "Acquired" lands box; type in Item 2 on the form the percent of U.S. interest, as appropriate; and indicate the SMA if other than BLM. Complete Item 3 on the form from the legal land description entered in the automated word processor which was used to prepare the sale notice. Check box at bottom of lease form for "Competitive lease (ten years)." If future interest lease, also check "Other" box at bottom of form and type in "Future Interest Lease."	LEASE FORM 3100-11b
	8.	When all required payments for a competitive oil and gas lease parcel are submitted either at the auction or within 10-working days after the last day of the auction, signature by the bidder (lessee) on the bid form (Form 3000-2) allows immediate issuance of the oil and gas lease (after a determination that monies paid are collectible).	
	8a.	Attach bid form to the lease form thereby serving as the lessee's signature on the lease.	
	9.	Attach to lease form all stipulations applicable to the parcel, bid form, and Notice to Lessee concerning Mineral Leasing Act (MLA) Section 2(a)(2)(A) restrictions with respect to assignments/transfers of oil and gas leases from certain Federal coal lease holders (see Illustration 20).	NOTICE TO LESSEE FOR SECTION 2(a)(2)(A)
	10.	Assemble copies in correct order for signature by the authorized officer.	
		Stamp "Original" or "File" on the top lease form which must be originally signed by the authorized officer.	

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Responsible Official	Step	Action	Keywords
		10b. Stamp "Lessee" on the first copy of the lease form.	
		10c. Stamp second copy of lease form for transmittal to the SMA, as appropriate.	
Cashier/ Adjudication	11.	Hold case files up to 10 working days from close of sale if additional bonus money is due.	ADDITIONAL MONIES DUE
	11a.	If additional bonus money is not received within 10 working days, reject the bid (see Section II.F).	
	11b.	Hold case file for a 30-calendar day period for any additional requirements.	
Cashier	12.	Receive balance of additional bonus due. Bonus money due must be received within the 10-working day timeframe.	ADDITIONAL BONUS MONEY RECEIVED
Adjudication	13.	Verify that all monies due have been received and are collectible, and that bid form has been signed and dated by lessee or lessee's representative.	
	14.	Complete accounting advice portion of worksheet when all required information is received.	
	15.	Check that unit/CA joinder evidence has been received. If bidder is unable to join unit, see Step II.D.10b, above.	
ALMRS Entry	16.	<u>OPTIONAL</u> : Enter Action Date: Date additional information received; DE 1775 Action Code 113/DE 2910 Action Code 103; <u>OR</u> Date Agreement Joinder Waived; DE 1775 Action Code 689/DE 2910 Action Code 908; Action Remarks: Indicate reason for not joining unit agreement.)	AUTOMATED NOTATION

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Responsible Official	Step	Action	Keywords
Adjudication	17.	If additional bonus money is not received, the first year's advance rental of \$1.50 per acre or fraction thereof, the \$75 administrative fee, and the bonus bid amount that was paid at the oral auction are forfeited. The monies are earned under the appropriate fund symbol, and are distributed by the MMS Data Management Division (MMS-DMD) to the appropriate State or county.	ADDITIONAL BONUS MONEY NOT RECEIVED
	18.	Complete accounting advice from worksheet (see Illustrations 21 and 22).	ACCOUNTING ADVICE
	19.	Review and surname lease. Route for signature by authorized officer, mailing, ALMRS Entry, Title Records for notation of oil and gas plat and HI (or other appropriate records), and Docket.	
Signing Official	20.	Sign original and lessee copy of lease form (name stamp can be used for remaining copies of lease form).	
Adjudication	21.	Ensure that the originally signed bid form (Form 3000-2) remains in the case file with the original of the lease form signed by the authorized officer.	
	21a.	Attach a photocopy of the front and back of the bid form to the lessee's copy of the lease form.	
		Ensure that one copy of the Notice to Lessee for MLA Section 2(a)(2)(A) requirements remains in the case file, and that one copy of this notice is attached to the lessee's copy of the lease form.	
		Ensure that all required stipulations are attached to all lease form copies.	
	24.	Date lease forms, and make enough copies for distribution to other SMA, as appropriate.	ISSUANCE OF LEASE

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Responsible Official	Step	Action	Keywords
	25.	If, after a lease is signed, issued, and mailed to the lessee, it is discovered that some or all of the lease stipulations that were identified in the Notice of Competitive Lease Sale as being applicable to the parcel are not attached as part of the lease, such stipulations are to be sent to the lessee by a notice, ensuring that a copy of same is placed in the case file. This notice to the lessee is merely a courtesy since the stipulations are binding based on the lessee having made the high bid on the parcel as it was advertised with the stipulations in the sale notice.	STIPULATIONS INADVERTENTLY NOT ATTACHED TO LEASE
	26.	Send accounting advice to MMS-DMD within 5 working days from the date it is completed, signed and dated. The MMS-DMD must receive the Accounting Advice no later than 10 working days from date of lease issuance. If when the lease is issued, the lands are within a unit and are in a producing (nonterminable) status, the accounting advice must show a "P" status (for production) when transmitting the bonus/first year's advance rental monies.	
ALMRS Entry	27.	Update lease issuance (see Illustration 23): Enter Action Date (MANDATORY ACTION CODE): Date lease signed; DE 1775 Action Code 176/DE 2910 Action Code 237.	AUTOMATED NOTATION

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Responsible

Official	Step	Action	Keywords
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Enter Action Date (MANDATORY ACTION CODE if U.S. owns only a fractional interest in the mineral estate): Date lease signed; DE 1775 Action Code 448/DE 2910 Action Code 527; Action Remarks: Percentage of U.S. ownership of mineral estate.

Enter Action Date (MANDATORY ACTION CODE if lease lands are located in more than one county): Date lease signed; DE 1775 Action Code 417/DE 2910 Action Code 523; Action Remarks: Acreage, and State and county code for lease lands within each county.

- 27d. Enter Action Date (MANDATORY ACTION CODE): Effective date of lease; DE 1775 Action Code 225/DE 2910 Action Code 868.

Enter Action Date (MANDATORY ACTION CODE): Enter 12 1/2 percent royalty rate; DE 1775 Action Code 102/DE 2910 Action Code 530.

For acquired lands mineral lease -	AUTOMATED
Enter Action Date (MANDATORY	NOTATION -
ACTION CODE FOR ACQUIRED LANDS	FUND SYMBOL
MINERALS): Enter fund symbol;	FOR ACQUIRED
DE 1775 Action Code 444/DE 2910	LANDS MINERALS
Action Code 496; Action Remarks:	
Fund symbol argument code from DE	
3042; <u>OPTIONAL</u> : Also enter	
Treasury fund symbol, including	
proclaimed unit number (refuge	
code) in Action Remarks.	

NOTE: See Appendix 1 for a listing of the Treasury Symbols.

Enter Action Date (MANDATORY ACTION CODE): Date lease expires; DE 1775/2910 Action Code 763.

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Responsible

Official	Step	Action	Keywords
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27h. For lease committed to unit -
Enter Action Date (MANDATORY ACTION CODE): Date lease committed to unit (effective date of lease); DE 1775 Action Code 226/DE 2910 Action Code 232;
Action Remarks: Enter unit serial number; name of unit.

27i. For lease committed to CA -
Enter Action Date (MANDATORY ACTION CODE): Date lease committed to CA (effective date of lease); DE 1775 Action Code 256/DE 2910 Action Code 246;
Action Remarks: Enter CA serial number.

NOTE: See Appendix 2 for a listing of key action codes from the data standards which must be used in ALMRS Case Recordation and Record System Release 1.0 for competitive leasing actions

Adjudication 28.	If after a parcel has been offered for sale, a bid was received, and a lease has been issued, it is discovered that an error was made in the advertised parcel acreage in the sale notice, but the legal land description did not change, use the following procedures:	ACREAGE ADJUSTMENT OF LEASE PARCEL AFTER LEASE ISSUANCE
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28a. If the total parcel bonus amount still exceeds the \$2 per acre minimum when recalculated for the corrected acreage, no additional bonus money is to be requested or refunded. For example, if the corrected acreage is 976.20 acres instead of 871.75 acres, and a total bonus bid of \$8,720 was made, divide \$8,720 by 977 acres, which equals an increment of \$8.93 per acre. The recalculated bid per acre is still well above the \$2.00 per acre minimum statutory bid amount required.

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Responsible

Official	Step	Action	Keywords
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If an increase in the parcel acreage results from the BLM miscalculation of the parcel acreage, and the total bonus bid made does not equal at least the \$2.00 per acre statutory minimum, issue a decision to the lessee to request additional monies to meet the required minimum bonus bid and minimum \$1.50 per acre rental amount. Include in the decision a provision that allows the lessee to request cancellation of the lease. If the lessee does not want the lease, prepare a full refund of the bonus and rental paid.

28c. In accordance with 43 CFR

3.2 10 - 3101.2-1(b), if the acreage in the sale notice is incorrectly indicated, payment of the rental based on the error is curable within 15 calendar days of receipt of the BLM notification.

When a corrected lease acreage is due to a resurvey, any increase or decrease in acreage would require a change in only the rental amount, beginning with the next lease anniversary date. No refunds are to be made for either bonus bid or rental monies.

RESURVEY CAUSES
ACREAGE CHANGE
AFTER LEASE
IS ISSUED

28e. An accounting advice shall be sent promptly to MMS-DMD to reflect the corrected lease acreage.

Title
Records

29. When a lease issues, remove the previous oil and gas plat notations and replace with the lease serial number and "OG Lse." Note on HI, and in some States, on microfiche and other appropriate records.

RECORDS
NOTATION

Docket

30. File case file on regular shelf.

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F. Rejection of Bid

Responsible Official	Step	Action	Keywords
Adjudication	1.	Prepare decision indicating the reason for bid rejection, i.e., the bid form was not signed or additional bonus money due were not received within the 10-working day timeframe from the date of the oral auction, and/or any other additional requirements not submitted or met.	BID REJECTION
	1a.	Specify in decision that all monies (first year's advance rental, the \$75 administrative fee, and the bonus bid paid at the sale) are forfeited, and that the bidder has the right of appeal (see Illustration 24).	DEPOSIT FORFEITED
	2	Review and surname decision after it is typed and prepared for certified mailing.	REJECTION DECISION
	3.	Route for signing, mailing, ALMRS Entry, and Docket.	
	4.	Suspend case file for 30-day appeal period.	
Signing Official	5	Review and sign decision.	
Docket	6.	File case file on regular shelf	
Adjudication	7.	If no appeal received, close case file at end of 30-day appeal period.	
	8.	Enter fund symbol and State/county on accounting advice and earn first year's advance rental and bonus bid (see Illustration 25).	EARN DEPOSIT

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Responsible Official	Step	Action	Keywords
		<p><u>NOTE:</u> Lands in parcel must be reoffered competitively. The lands do not become available for noncompetitive offer at this time. List the parcel in the next Notice of Competitive Lease Sale for the next oral auction if the parcel was offered in response to a noncompetitive presale offer filed in accordance with 43 CFR 3110.1(a)(1) or an expression of interest. Otherwise, schedule the reoffering of the lands at the discretion of the authorized officer.</p>	
ALMRS Entry	9.	<p>Update case abstract showing rejection:</p> <p>Enter Action Date (MANDATORY ACTION CODE): Date bid rejected; DE 1775 Action Code 193/DE 2910 Action Code 944; Action Remarks: Indicate reason bid rejected.</p> <p>Enter Action Date (MANDATORY ACTION CODE): Date case closed; DE 1775/2910 Action Code 970.</p>	AUTOMATED NOTATION
	10.	Send case file to Title Records for records notation, and route to Adjudication for relisting on future sale notice.	
Title Records	11.	Update records. Delete sale date from O&G plat (or other appropriate records).	RECORDS NOTATION
Adjudication	12.	Close action and reoffer lands in a future sale notice and auction.	
	13.	Route closed case file to Docket for filing.	
Docket	14.	File case file with closed cases.	

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G. Protests and Appeals of Lease Sale/Specific Parcels Keywords

If a protest or appeal is filed with the State Office concerning the holding of a competitive lease sale or the offering of specific parcels in the sale, or the issuance of leases resulting from a sale, the following procedures are to be followed.

If a protest is received on the holding of a lease sale or the inclusion of a specific parcel in the sale, while the merits of the protest are being considered, the State Director may either elect to hold the sale or suspend the entire lease sale (or offering of the parcel). Every effort must be made to decide the protest prior to the sale. If this is not possible, the authorized officer shall advise the protestant prior to the scheduled sale date whether the sale will be held or suspended (or parcel offered) while the protest is being considered. If the State Director elects to hold the sale while the protest is being reviewed, it is important to announce at the beginning of the oral auction the receipt of such a protest. If a bid is received on any parcel involved in the protest, the protest must be resolved before issuance of the involved lease. The decision denying the protest must grant a 30-day appeal period to IBLA. However, it is not necessary to further delay lease issuance to permit the 30-day appeal period on the protest denial to run, although the authorized officer may choose to do so.

PROTEST OF
ENTIRE SALE
OR SPECIFIC
PARCEL
OFFERING
IN SALE

If an appeal is timely filed from the dismissal of a protest concerning the holding of a competitive lease sale or offering of specific parcels in the sale, or the issuance of leases resulting from a sale, the appeal shall be promptly transmitted to the Interior Board of Land Appeals (IBLA), similar to any other appeal, in accordance with 43 CFR Part 4.

APPEAL OF
SALE/PARCEL
OFFERING
FORWARDED
TO IBLA

NOTE: Enter the appropriate ALMRS DE 1775/2910 action codes in Case Recordation/Record System Release 1.0 to indicate that a protest and/or appeal has been filed on a specific parcel.

AUTOMATED
NOTATION

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Keywords

If the appellant also requests the suspension of the entire sale or specific parcels from the sale, Adjudication is to promptly prepare and forward to the Washington Office Assistant Director for Energy and Mineral Resources (WO-600), a package consisting of: (1) A decision denying the request for suspension of the lease sale (or suspension of specific parcel offering) set up for signature by the Assistant Secretary for Land and Minerals Management (see Illustration 26); (2) appropriate background information relevant to the issues involved, including a copy of appellant's request; and (3) a cover transmittal memorandum from the State Director, through WO-600 and the BLM Director, to the Assistant Secretary requesting prompt action. This assumes that the State Director views the request to have no merit, otherwise the sale (or specific parcel offering) would have been suspended. In addition, promptly send a copy of the appellant's request for suspension to IBLA.

SUSPENSION
REQUESTED FOR
ENTIRE SALE
OR PARCEL
OFFERING

DECISION ON
SUSPENSION
ISSUED BY
ASSISTANT
SECRETARY

Until the Assistant Secretary orders the suspension of the sale (or offering of specific parcels) or upholds the request of the appellant to suspend sale action, continue the plans to hold the sale.

HOLD LEASE SALE
UNLESS SUSPENDED
BY ASSISTANT
SECRETARY

If a protest solely addresses issuance of leases as a result of a lease sale, the protest must be decided prior to issuance of the affected leases. The decision denying the protest shall grant a 30-day appeal period to IBLA. The filing of an appeal does not suspend issuance of the leases. The appellant of a denial of a protest to lease issuance or a denial of a protest to the holding of a sale may request IBLA to direct suspension of those leases subject to the appeal. Until IBLA grants the request of the appellant and orders suspension of lease issuance, issuance of the leases may continue.

PROTEST
OF LEASE
ISSUANCE

ISSUE LEASES
UNLESS
SUSPENDED
BY IBLA

NOTE: If an appeal concerning the offering of a specific parcel for sale is filed instead of or before the party has filed a protest, the appeal is premature and is to be treated as a protest since the parcel offering is still a proposed action. In such a case, the procedures addressed in this section for handling protests are to be followed.